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# SUMMING UP THE TARIFF DISCUSSION.

BY ANDREW CARNEGIE.

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THE NORTH AMERICAN REVIEW asks me to participate in the free-trade and protection duel, in which Messrs. Gladstone and Blaine were the first to cross swords. I comply with pleasure.

Anything that Mr. Gladstone writes is of great interest; but his contribution to this controversy does not seem to be specially instructive to the United States, because it does not touch the problem with which they have had and still have to deal. It is thoroughly British, and deals almost exclusively with Britain's mistaken policy of taxing food from abroad without the possibility of thereby increasing the home supply. Let us consider what protection and free trade mean to the Briton. Great Britain was too small to produce sufficient food to feed its people. The land being already fully under cultivation, the amount of food products derivable from it could not be increased; nevertheless, duties were imposed upon food from abroad. This constituted a monopoly in favor of the owners of the land, which was bound to raise the price of food as the population increased. Imagine what the price of food would be there to-day if the thirty-seven millions of her people had to be fed from the products of her own soil. They could not be so fed. Millions would have to starve. Free trade in Britain only means that the people of Britain compelled the landed aristocracy to open the ports to food supplies from other lands. It is for this reason that Mr. Gladstone thinks of "monopoly" and "immorality" whenever he speaks of protection; for protection to the produce of the land of Britain was perhaps the most effective monopoly ever established. By no possibility could it be evaded. All that Mr. Gladstone says in regard to the "folly" and the "immorality" of this attempt to maintain a monopoly and starve the people is true and well deserved.

But how different the meaning of protection when used by the American. We have in the United States, as Mr.

Gladstone says, "a world, and not a very little 'world,' within itself. Previous to its severance from England, manufactures were prohibited by law in this world. It was an exclusively agricultural land, realizing the ideal which Mr. Gladstone paints for it now; growing the corn, the oats, the wheat, and the cotton, furnishing the pork and the beef, for other lands, but dependent for all its manufactured articles upon the parent country. When the colony obtained its political independence, it naturally wished to establish its industrial independence also. That great Scotchman, Alexander Hamilton, first struck the keynote of the second struggle when, as Secretary of the Treasury, December 5, 1791, he said:

"This idea of an extensive domestic market for the surplus produce of the soil is of the first consequence. It is, of all things, that which most effectually conduces to a flourishing state of agriculture." "To secure such a market there is no other expedient than to promote manufacturing establishments." "It is the interest of a community, with a view to eventual and permanent economy, to encourage the growth of manufactures. In a national view, a temporary enhancement of price must always be well compensated by a permanent reduction of it."

American statesmen have followed in similar strains. Thus Washington's last annual address, December 7, 1796, says:

"Congress have repeatedly, and not without success, directed their attention to the encouragement of manufactures. The object is of too much consequence not to insure a continuance of their efforts in every way which shall appear eligible."

President Madison's special message, May 23, 1809, says:

"It will be worthy, at the same time, of their just and provident care to make such further alterations in the laws as will more especially protect and foster the several branches of manufacture which have been recently instituted or extended by the laudable exertion of our citizens."

Thomas Jefferson, in a letter to Benjamin Austin, Boston, 1816, says:

"To be independent for the comforts of life we must fabricate them ourselves. We must now place our manufacturers by the side of the agriculturist. . . . Experience has taught me that manufactures are now as necessary to our independence as to our comfort."

President Monroe's first inaugural address, March 5, 1817, says:

"Our manufactures will likewise require the systematic and fostering care of the government. Possessing, as we do, all the raw materials, the fruit of our own soil and industry, we ought not to depend, in the degree we have done, on supplies from other countries. While we are thus dependent, the sudden event of war, unsought and unexpected, cannot fail to plunge us into the most serious difficulties."

President Jackson, August 26, 1824:

"Heaven smiled upon and gave us liberty and independence. The same Providence has blessed us with the means of national independence and national defence. If we omit or refuse to use the gifts which he has extended to us, we deserve not the continuance of his blessing. He has filled our mountains and our plains with minerals—with lead, iron, and copper—and given us a climate and soil for the grow-

ing of hemp and wool. These being the great materials of our national defence, they ought to have extended to them adequate and fair protection, that our manufacturers and laborers may be placed in a fair competition with those of Europe, and that we may have within our country a supply of these leading and important articles so essential to war."

Such are the teachings of the fathers. Pages could be filled proving their passionate anxiety to establish manufactures by legislation, which Mr. Gladstone thinks partakes of an immoral character. I quote these memorable utterances to illustrate the difference between an old land which has the best-equipped system of manufactures ever known already in operation, and produces more manufactures than it can consume, and a new land which has no manufactures, but is desirous of obtaining them. How different the point of view from which the statesmen of the old and the new land must regard the policy of protection! How different the problem with which they have to deal! To place this difference in the clearest light, I quote Mr. Gladstone's presentation of free trade (pages 9 and 10, NORTH AMERICAN REVIEW for January) :

"International commerce is based, not upon arbitrary or fanciful considerations, but upon the unequal distribution among men and regions of aptitudes to produce the several commodities which are necessary or useful for the sustenance, comfort, and advantage of human life.

"If every country produced all commodities with exactly the same degree of facility or cheapness, it would be contrary to common-sense to incur the charge of sending them from one country to another.

"But the inequalities are so great that (for example) region A can supply region B with many articles of food, and region B can in return supply region A with many articles of clothing, at such rates that, although in each case the charge of transmission has of necessity been added to the first cost, the respective articles can be sold after importation at a lower rate than if they were home-grown or home-manufactured in the one or the other country respectively."

The position of the new country desirous of industrial independence we will state in the words of an Englishman not unworthy to be classed as an economist with Mr. Gladstone himself—John Stuart Mill:\*

"The superiority of one country over another, in a branch of production, often arises only from having begun it sooner. There may be no inherent advantage on one part or disadvantage on the other, but only a present superiority of acquired skill and experience. A country which has this skill and experience yet to acquire may, in other respects, be better adapted to the production than those which were earlier in the field; and, besides, it is a just remark that nothing has a greater tendency to promote improvements in any branch of production than its trial under a new set of conditions. But it cannot be expected that individuals should at their own risk, or, rather, to their certain loss, introduce a new manufacture and bear the burden of carrying it on until the producers have been educated up to the level of those

\* "Political Economy," Vol. II., book v., chap. 10, section 1, pages 512, 513.

with whom the processes are traditional. A protecting duty, continued for a reasonable time, will sometimes be the least inconvenient mode in which the nation can tax itself for the support of such an experiment."

Here we have the whole question in a nutshell. I have heard Mr. John Bright say that Mr. Mill, by this paragraph, had done more harm than all the remainder of his writings would ever do good. But Mr. Bright confounded effect with cause. Mr. Mill's paragraph in itself has done neither harm nor good. It simply records the practice of every new country that seeks to develop its latent manufacturing powers. Mr. Mill's words were, no doubt, surprising to Mr. Bright, and to Britons generally—perhaps to Mr. Gladstone himself. The new doctrine differed from the policy which, being desirable for Britain, Mr. Bright naturally thought of universal application and desirable for all. The statesmen of the United States, however, had discovered, acted upon, and demonstrated by unprecedent success the wisdom of Mr. Mill's words long before they were written. 'It may be noted, however, in passing, that the "immorality" of a new nation's endeavoring to develop her resources by protective duties had evidently not occurred to the philosopher.

The only question, then, in which the United States are interested is this: Given a world within itself, with every requisite for manufacturing the various commodities required by its people, was it wise to give the necessary concessions and bounties to induce skill and capital to establish manufactures within this world? and, if it were found that the easiest and surest mode of building up manufactures was by taxing the manufactures of other nations, so that the product of experimental factories in the undeveloped land should be shielded from the competition of fully-developed factories abroad, should this protection have been given or not, and should it be maintained as far as may be found necessary? How interesting it would be to have Mr. Gladstone's answer to this problem—the only one which our country has to consider.

Even should Mr. Gladstone hastily reply in the negative, it is probable that he would scarcely utter the word ere he paused and reconsidered. First he might say to himself: "This is a problem with which I have never had to deal. It is new to me. I must examine. I must think." Then it might occur to him that all of his countrymen who govern English-

speaking people throughout the world have decided the question in the affirmative for their respective countries. The Gladstone of Canada, a thorough Scotchman like himself, Sir John Macdonald; the premiers of Australia, New Zealand, and every British colony; and, even in old Europe, Bismarck, and Tisza, and Carnot, and the Russian premier, all backed by public opinion, have been led to the conclusion that it is essential for their governments to levy protective duties in order to establish manufactures. It is significant that all these countries are desirous of developing manufactures to an extent sufficient to supply their wants at home; while Britain already manufactures more than she wants at home, and must send abroad. Perhaps this fact has, unconsciously, something to do with the differing views of those concerned. They look at it from opposite sides. All the civilized nations of the world answer this question in the affirmative, and confirm their opinion by their acts—if we except New South Wales, a pastoral land with slightly over one million of people, which is now about equally balanced upon the question in its legislature.

That thorough man of the world, Mr. Labouchère, has recently explained that the question of free trade or protection is one of condition; not a science applicable everywhere. It is good for some countries, bad for others. "As I am an Englishman," says he, "I am in favor of free trade; but if I were an American, I should be in favor of protection." Of course, it is quite possible that all these Britons abroad and all these countries may be wrong, and that the Briton who remains upon his little island, and has never seen a new country, and to whom the word PROTECTION means a tax upon a food supply which cannot be increased by protection, may be right. But, on the other hand, it is possible that all of these governing men and all these countries, having the advantage of intimate knowledge of the problem, may be right, and that it is the Briton in little manufacturing Britain who is in the position of the one stubborn man upon the jury.

At any rate, the policy of protecting manufactures in new countries, or wherever protection is necessary even in old countries, has in its support a consensus of the governing men and of the countries of the world. No statesman attaches more importance to such a consensus upon any question than Mr.

Gladstone. Nothing is proved to him more clearly, nothing is urged by him more persistently upon his adversaries, for instance, than that for his policy of home rule he has with him a consensus of the civilized world, as evinced by their words. For the doctrine of protection we have better than words. We have the acts of every country. If it be contended that a new discovery or a great improvement always has the majority against it at the beginning, this is true; but let us note that, while the progress of a new truth or discovery may be slow at first, yet it is steady, and keeps on conquering by its inherent power. If free trade for the world had really been of universal application, and best for countries developed and undeveloped in manufacturing, it must inevitably have proved so ere now; at least, the doctrine would have held its own.

What is the situation to-day? So far from progressing, the cause of free trade has receded, and is now confined to the little island of Britain itself and New South Wales, with its pastoral land and one million inhabitants. A recent morning paper (April 22, 1890) announces, for instance, that Newfoundland has just increased its tariff upon foreign goods. Canada increased hers largely last year. We need not speak of Germany, France, Russia; these countries are constantly at work upon the task of shielding their industries. Even the strongest tariff-reform paper in the United States, the *New York Times*, of a late date (April 27), begins an editorial thus:

"All the signs point to the joining by France of the protectionist reaction that is now setting in over all Continental Europe. The Committee on the Budget of the new Chamber has been made up distinctly in the interest of the policy of terminating the treaties of commerce with foreign nations, and taxing food and raw materials. This will be a great experiment for France. Since 1860 her fiscal policy has been one of the widest reciprocity. Probably no other country has negotiated so many commercial treaties on a reciprocal basis."

And only the other day, as the cable informed us, Mr. Gladstone said to the Cobden Club that Free-Traders must recognize with keen disappointment how much ground had been lost by their doctrine within the last twenty-five years. Where has a great economical truth, a sound theory, ever lost ground once gained? The case against free trade as being of universal application is closed, for, after twenty-five years of struggle, it is to-day in full retreat all over the field. What is true never retreats. It holds the field against all comers.

In this consensus of opinion in favor of protection all parties in America are agreed. President Cleveland's famous message, Mr. Breckinridge's article in the April number of *THE REVIEW*, every platform of the Democratic, as of the Republican, party, confirm this. Mr. Gladstone will find ten Britons favoring protection in Britain to one American in the United States favoring free trade. It is not a question whether the doctrine of protection to manufactures be upheld, but simply a question of how much, if any further, protection is necessary. Convince the American people to-day that it is necessary to increase the duties upon iron, or steel, or silk, or woollens, show them that the manufacture of these articles at home cannot be sustained in competition with Europe without additional duties, and the additional duties will be promptly levied. Mr. Breckinridge truly says (April *NORTH AMERICAN REVIEW*, page 506):

"Practically the present generation of statesmen will never meet the question of free trade. Whatever views may be entertained by those in public life or by the great body of the people, it cannot be that in our day free trade, even in the limited sense in which Great Britain has adopted it, can be made the system of the United States; . . . it is also freely admitted that it is impossible to 'raise the revenues' required by the United States under a system of tariff imposition without incidental protection to certain industries."

His position illustrates still further how little bearing Mr. Gladstone's article has upon the question of protection as it interests the United States.

Before leaving this part of the subject, permit me to consider another phase of it as presented by Mr. Gladstone. While it is quite true that protection has reduced the price of manufactured commodities to the consumer below what he would have had to pay if dependent upon the supplies of articles from abroad, there is, nevertheless, a vital part of the question of protection *versus* free trade which is not settled by the mere question of price. Presidents Monroe and Jackson touch upon it in their words already quoted. Even if Mr. Gladstone's contention were true, that region A could permanently supply certain articles cheaper than region B, it does not follow that it would not be wise for region B to incur the increased cost until the brotherhood of man comes upon earth; for to the statesmen charged with the safety and welfare of their country the danger of war must be ever present. Sad as is the thought, and



repugnant as it is to our ideas, nevertheless statesmen are bound to deal with what is, not with what they wish to be. No nation acts upon this principle more consistently than Britain. She has just passed an act devoting a hundred millions of dollars to increase her already enormous navy. Why? Because, being unfortunately dependent upon foreign nations for a supply of food, she must perforce so legislate that her ports cannot be closed by hostile fleets. Mr. Goschen, the Chancellor of the Exchequer, has just said that no nation ever existed to which absolute security was so essential. As the price of her existence she must keep command of the seas. Convinced of the necessity of this, were I in public life in England,—vice-president of the Arbitration Society as I am,—I should, nevertheless, be compelled to support any measures necessary to secure this end.

Applying this principle to the United States, it will be within Mr. Gladstone's recollection that not so long ago we were engaged in a deadly struggle for the preservation of the Union. In what condition did the country find itself then? Without the ability to supply clothing, arms, or ammunition for her troops. Iron and steel for railways and locomotives—articles almost as essential for subduing the Rebellion as any of those named—could not be procured at home. Agents were despatched to Britain and the Continent; and it was only by drawing from foreign countries that the Republic was able to triumph. If Mr. Marcellus Hartly, or Mr. Gilead A. Smith, or any of the other agents with whose experience I am familiar, could be induced to write the story of these negotiations and purchases, it would be most interesting reading indeed for every American. Think of the danger with which this country was confronted at that awful moment. When its agents were making these very purchases, the government of Britain was on the eve of entering the struggle against the Republic; and was only prevented from doing so by the unceasing efforts of Mr. Bright, Mr. Foster, Mr. Morley, Mr. Goldwin Smith, and other leaders of the people, as distinguished from the governing class, which was anxious then, as it is anxious now, and ever will be anxious, to strangle a republic which daily proves MONARCHY and ARISTOCRACY to be excrescences upon the body politic.

If I read aright the temper of the American people, they will never again consent to be subjected to dependence upon any

other power than themselves for all the means necessary to deal with either foreign or domestic trouble. It is significant that legislation for increasing the military and naval strength of the country invariably requires all the necessary material to be made within its own territory. No Free-Trader—not one—votes against this highly protective—nay, prohibitive—policy. The requirement passes unanimously in every case. Why do not Mr. Mills and Mr. Breckinridge vote upon such occasions in favor of buying where they can buy cheapest? Because they realize that in certain contingencies the safety of their country depends upon its being prepared to supply all from within itself. This necessity is somewhat less obvious in the case of clothing for troops, and still less so, perhaps, in regard to a prompt and full supply of steel in the cruder forms. Yet the enormous supplies of steel and iron which the Baldwins and other locomotive manufacturers obtained in Britain during the Rebellion contributed largely to the suppression of the Civil War. It could scarcely have been suppressed without a rapid development of our railway facilities; and this required steel and iron far beyond the capacity of the country then to produce. Even when aiding railways, the government invariably enacts that no foreign material shall be used in their construction.

To this policy England also strictly conforms. Mr. Blaine has shown that, in the case of steamship lines, she will permit no foreign steamships to compete even for carrying the mails. On the contrary, when the Postmaster-General of England had closed an arrangement with the North-German Lloyd, which gave much better service upon more favorable terms than the English steamship lines had it in their power to give, Parliament promptly compelled him to forego the arrangement. The people of England would not stand it. Take the recent test of armor-plate at Portsmouth. While the form of asking foreign manufacturers to submit trial plates was observed, the foreigners very properly answered: "We will do so, if you agree to give us the contract should our plates prove superior to the British, and if we agree to furnish them upon equal or better terms." The British government declined to do this, and therefore not a foreign manufacturer sent a plate for trial. I do not mention this protective action to dispute its wisdom; on the contrary, I should not consider any party in Britain or in the United States fit

to be intrusted with government which did not look to it that every pound of steel and every rivet in its war-ships were made at home.

If the present British government should accept armor-plate from a foreign nation for one ship, Mr. Gladstone would be in power within twenty-four hours. It would do more to dissolve the present coalition than all the speeches of my friends of the Liberal party, and more than all the by-elections in favor of the principle of home rule. Devoted to free trade as England pretends to be, no ministry dare give the patronage of the government to foreign steamships, or use for a single ship armor-plate which Britain itself does not furnish. My native land is given to preaching a good deal to less civilized lands, but when it comes to practice, her practical instincts may be safely trusted. The Briton has not lost his common-sense. There is, therefore, a large domain, the most vital of all, in which the question of dollars and cents does not enter. Mr. Gladstone's region A may offer any terms it pleases, but region B (Britain) and region U (the United States) will continue to supply their own arms, their own steel, their own armor-plates, their own guns, and their own ships, free-trade preaching to the contrary notwithstanding. In region U practice and theory agree. To region B we pay the rare compliment of saying that its practice is better than its theory. It preaches free trade, but practises protection. In everything, therefore, that is seen to affect the safety of a nation,—and more manufactured articles contribute to a nation's safety than might at first appear,—proof that region A could supply region B cheaper than region B could itself provide the necessary articles would have no bearing whatever upon the subject. One might as well prove that all flesh is grass.

Is it not significant that at this very moment the gravest danger to the peace of this continent arises from the refusal of Britain to arbitrate the difference which she has with our sister-republic, Venezuela? That any power will ever undertake to light the torch of war upon this continent, in the face of the recent action of the seventeen republics which occupy it, I do not believe. The attitude of England to-day, however, upon this question, and also in regard to the enormous increase of her naval power, deserves to be carefully weighed by every citizen of this continent; and here every

American will be glad to pay Mr. Gladstone the deserved tribute of saying that were he in power as the representative of the democracy, instead of the Marquis of Salisbury as the representative of the aristocracy, the offer of any power with which Britain has a difference to submit the question to peaceful arbitration would not be rudely repelled. The grandest work among many grand works in Mr. Gladstone's career is the settlement of the "Alabama" difficulty by peaceful arbitration. If he never did anything else, if he never does anything else,—which God forbid!—he will still for this work have earned an enduring place among the benefactors of mankind. Indeed, Mr. Gladstone is so grand a character and has a mind so open to the reception of new ideas that I entertain not the slightest doubt that, were he to spend a few weeks in this new country, he would recognize that his friend, John Stuart Mill, in the passage I have quoted, had rightly discerned the necessity for protecting new manufactures, and that all his fellow-countrymen intrusted with the government of English countries beyond the limit of his island are not wrong. He is right upon the question for Britain, and acquaintance with our different conditions would make him right upon it here.

To return to the main question. It may be assumed that all parties in this country desire the United States to continue as she is—the greatest manufacturing nation in the world ; and also that there is no objection to Colonel Breckinridge's position, that its manufacturers must necessarily continue to receive incidental protection. The practical question, therefore, resolves itself to this : Has the infantile stage of our manufacturing system passed ? Has it reached the full stature of maturity ? Are we prepared to let down the bars and stand exposed against foreign manufacturers ? These are legitimate questions. To the college professor and the student in his closet it may well appear that a nation which manufactures more tons of steel than Great Britain and almost as much pig-iron, and which furnishes so great a proportion of the woollens, silks, and cottons consumed by it, has outgrown the necessity for further protection. One can quite understand that this should appear reasonable. Let us consider it.

It is thirty years since the Civil War rendered it necessary greatly to increase duties upon imports. Up to that time and during the struggle, as I have shown, the country was dangerously depend-

ent upon foreign supplies for articles essential to its preservation. This is a fast country, and we expect much to be accomplished in thirty years ; and we ask if this long period is not quite sufficient to develop manufactures to their utmost possible efficiency. Is it an easy matter, then, to introduce and establish in a new country an important branch of industry ? What has been our experience ? We will take the vital article of steel. When the duty upon steel was raised to a point which tempted capital to engage in the experiment of making crucible steel in this country, Mr. James Park, of Pittsburg, became the pioneer in the experiment. His repeated trips to Europe to secure skilled workmen, the enormous prices which he had to pay to induce them to leave their homes, and the grave financial and other difficulties which he encountered and surmounted, render the life of this man memorable. Even after he had succeeded in making good steel, it was years before he could induce consumers to fairly try the home-made article.

The effort to introduce Bessemer steel in the United States is nothing but a record of disaster for many years. The first attempt at Milwaukee ruined the pioneers. The works at Troy were sold for not many more hundreds of thousands of dollars than millions had been spent upon them. The Freedom Iron Company, of Pennsylvania, bankrupted itself in trying to introduce the process. The Vulcan steel-rail mills, at St. Louis, were twice sold by the sheriff. The steel-rail works at Joliet were also sold by the same official. The Pennsylvania Steel Company became embarrassed, but fortunately received aid to the extent of \$600,000 from the Pennsylvania Railroad Company. Even the great Bethlehem Steel Company had to mortgage its plant. These efforts began in 1860, and all took place previous to the year 1873. It was not until that year that there was made as much as one hundred thousand tons of steel in all this country. Up to 1881 there never was a year during which the United States made a million tons. In that year the industry can be said to have taken firm root. The Bessemer-steel manufacture was, therefore, successfully introduced only after many years of effort and after millions of dollars had been lost. Now, this was only nine years ago. How has the rate of duty kept pace with this development ? By successive reductions 40 per cent. of that upon rails has already been taken off, and the bill now pending

in Congress fixes the future duty at something less than one-half of the original duty imposed. Thus do we march through temporary shielding and protective care to such development as enables duties to be lessened from time to time.

Let us take another instance,—a very important one,—that of plate glass, in which the nation has made its most triumphant industrial success in recent years. It is twenty-one years since its manufacture was begun upon a small scale in this country. In New Albany, Ind., several hundreds of thousands of dollars were sunk in the experiment, which failed. A second attempt at Crystal City, Mo., ended in a final sale of the plant to St. Louis capitalists. Works were built in Louisville, Ky., in 1872, and in Jefferson, Ind., in 1875, but both proved failures financially. During all these years, from 1869 to 1875, there was nothing but failure for the pioneers, although glass then sold as high as \$2.50 per square foot. A reduction of the tariff upon plate glass at this point must have indefinitely postponed future attempts. Fortunately, the tariff was not disturbed. The price still seemed tempting, and in 1882, ten years after the first trial, the Pittsburg Plate-Glass Works were erected. Success came at last. It is only through such struggles as these that a new branch of manufacturing is successfully established in a new country. To-day there are eight companies making plate glass in the United States, and the total production of last year amounted to something over nine millions of square feet. The importations were nearly six millions of square feet in 1888. Thus protection in America means something quite different from protection in Britain. So far from the manufactures of plate-glass being a monopoly, as the growing of cereals was under English protection, overproduction is threatened here, as in every branch of manufacturing. Seven new works are being built with great rapidity. When finished, America will be able to supply fifteen millions of square feet of glass per annum. The price last year fell in extreme cases to fifty-nine cents per foot. This was an article which, as has been seen, cost \$2.50 before the United States entered the field. Protection has about done its work as far as large plates are concerned, the duty upon which could already be safely reduced.

Our friends who cry out that the manufacturing system of America has been fostered long enough should never forget that the struggle which the American manufacturer has in competi-

tion with Europe is severe. His labor-cost is more than double that of his competitor. Mr. Clark and Mr. Coats, manufacturers of thread, have factories of similar character in the old land and in the new. They have both testified that their labor-cost in Newark and in Rhode Island is slightly more than double what it is abroad.

The following statement was laid before Congress recently by the United States Commissioner of Labor, and as it gives the wages in a branch which has not yet been quoted, and which is in nowise affected by the tariff, it is well worthy of reproduction here. It "presents a table giving the average daily rates of pay and the yearly earnings for such railroad employees in Great Britain and the United States as are amenable to comparison," as follows :

Class of Employees.	Great Britain.	United States.
Engineers, per day.....	\$1.46	\$3.22
Firemen .....	0.91	1.79½
Conductors " " .....	0.97	2.63
Switchmen " " .....	0.85	1.50½
Flagmen " " .....	0.81	1.13
Engineers' yearly earnings.....	457.00	1,007.00
Firemen's yearly earnings.....	285.00	562.00
Conductors' yearly earnings.....	304.00	824.00
Switchmen's yearly earnings.....	266.00	471.00
Flagmen's yearly earnings.....	254.00	354.00

It is probable, and greatly to be hoped, that this great difference will be equalized by an advance in the wages of labor in Europe, and not by a reduction in the wages here. But the manufacturing system of America may be considered as not having fully outrun the necessity for protection so long as it is handicapped in the race with double labor-cost. Notwithstanding this, it is marching slowly but surely to a condition in which it will, with only incidental protection, have nothing to fear, even in competition with its most formidable rival.

We have seen that the introduction of a new manufacturing industry is no child's play. It means ten to fifteen years of struggle and loss. It may be estimated, therefore, that one-half the period since the protective duties were imposed at the beginning of the war has been consumed in establishing the new industries. During the remaining half some industries have reached a position in which less protection is now necessary; some will soon be able to stand exposure to the competition of older countries.

Other branches still require fostering care, and the only question for the legislator is, after examination and proof adduced, to determine how much, if at all, in each industry the import duties may be lessened, and whether, owing to errors in laws or in the construction thereof, changes in the other direction may be necessary.

Mr. Mills realizes that, if Mr. Blaine be correct in his claim that the steady competition of American manufacturers has reduced the price of manufactured articles, his case is desperate; therefore, in regard to steel rails, which were cited to prove this, he boldly says: "What competition was there among American manufacturers? It was a monopoly. The manufacturers owned a patent, and there could be no competition." Unfortunately for Mr. Mills, this is not correct. American Bessemer-steel manufacturers never owned the Bessemer patents. The courts of the United States adjudged Mr. Kelley, an American citizen, to have valid claims, even against Bessemer. And the persons interested in the Kelley claims settled with their English friends, and thus obtained control of the Bessemer process for the United States. They threw open the use of the patents to every individual in the United States, charging all alike one dollar per ton, and this all manufacturers paid. There always has been, and there is to-day, the most active competition between the manufacturers of steel. In seasons of great depression an inexperienced individual here and there has thought it possible that ruinous competition could be prevented; but it has been found impossible, and it always will be impossible until human nature changes. The American consumer has no cause to fear that any combinations among manufacturers can endure, for such never have endured either in Britain or elsewhere. Four pounds of steel in the form of a rail for five cents is conclusive proof that the severest home competition exists.

The statement is often made that, if we did not buy from foreign nations, we could not sell to them, and that the prosperity of our country greatly depends upon its exchanging products with other nations. I desire to meet this contention. Mr. Breckinridge says:

"A nation, like a man, can only grow rich by producing more than it uses, and accumulating year by year the value of that yearly surplus. If, also, there had been subtracted from the wealth of America all imports which were purchased by the agricultural surplus sent abroad, our industrial interests would be destroyed. There



can be no greater delusion than that of a possible 'home market' in which everything produced in America is sold and in which everything needed for America is produced here and sold here. The very existence of our industries depends upon commerce—that is, upon the power to import what we need and to pay for it by what we export; what we export being that surplus of our product which remains after our wants are supplied. He who buys must first have something to sell, and sell it; and his capacity to buy is precisely measured by what he obtains for that which he sells."

Mr. Mills says :

"There can be no surer test of the prosperity of a country than the increase of its foreign trade, and no surer test of the retardation of that prosperity than the decrease of that trade."

The first lines of Mr. Breckinridge's statement are true. A nation, like a man, can only grow rich by producing more than it uses, and accumulating year by year the value of that surplus. But when Messrs. Breckinridge and Mills go on to assume that the yearly surplus made in the United States depends upon or is measured by the amount of foreign commerce, they run foul of figures. The estimated yearly increase of the wealth of the United States, in 1880, was \$1,050,000,000 ; it is now not less than \$1,400,000,000. The total value of all articles imported and exported averages only this sum, \$1,400,000,000, per year. If we estimate the profit of the business at 10 per cent. upon the total value of the articles exchanged, we have \$140,000,000 profit from foreign commerce ; and as the foreigner takes his half of the profit, the United States are left with an estimated profit yearly of \$70,000,000 properly to be credited to this exchange.

It is clear that, if the United States buy abroad to provide for their wants to the full value of what they sell abroad, no surplus remains to be added to the national wealth beyond the usual profit, for the articles imported are substantially articles for consumption, and are all consumed, with the exception of a trifling amount invested in works of art and other permanent treasures. It is only the surplus of our sales over our purchases abroad that augments the national wealth beyond the \$70,000,000 annual profit from the business, and this has only amounted to an average of \$63,000,000 during the last six years, the period embraced in Colonel Breckinridge's statement. In 1888 the balance was only twenty-seven millions of dollars. Nevertheless, no country has ever added so rapidly to its national wealth as the United States during those years, but the "surplus" is not to be found in what this country sells and buys abroad, but in every mile of railroad, every house built, every animal added to our flocks and herds, and every acre

reclaimed here at home. In the development of her own territory and its contents, the United States invests her yearly surplus of fourteen hundred millions of dollars. I say only fourteen because I wish always to understate, though quite aware that the experts expect the forthcoming census to show that in the decade from 1880 to 1890 not less than \$1,900,000,000 was added yearly to the national wealth, and that now its augmentation is at the rate of two thousand millions per annum. What becomes of foreign commerce in the face of figures like these? If it were all profit, if every article we sent abroad cost nothing and every article obtained abroad were presented to us gratis, the total value would not be as great as the annual increase of the nation's wealth. Thus if we neither imported nor exported a dollar's worth, losing thereby a market for 4 per cent. of our products, this loss would only equal one year's gain.

I take issue with Colonel Breckinridge when he says that there "can be no greater delusion than that of a possible home market in which everything produced in America is sold, and in which everything needed for America is purchased here and sold here." I think that, instead of this being a delusion, it is sober truth; and, as far as the production of articles goes, we seem to have the gallant Colonel with us, for he says, quoting from Senator Morrill's able essay, that "the Senator admits" that we are able "to make an article 'superior to and cheaper than similar articles produced abroad.' . . . We agree with the Senator that we are capable of accomplishing this result. We have no doubt that, by removing the trammels upon the introduction of the foreign material needed, giving at once to the American workman equal advantages with his foreign competitor, *this could be said of all American manufacturers.*" We ask the Colonel, If this be true, what would become of our sacred foreign commerce as far as the purchase of manufactures abroad is concerned? And if the foreigner cannot buy our products unless we buy his manufactures, what would become of the other half of this foreign business which is said to be vital to our prosperity? Our free-trade economists would naturally predict that the Republic in that case must go to ruin; but no—it would simply make up the small percentage lost in one year's increase of its enormous domestic operations.

Will Colonel Breckinridge kindly look over the list of articles imported, and specify what cannot ultimately be made here? I

have done so, and with the exception of a very few trifling articles, which fancy and sentiment will always induce rich people to select, even if similar articles could be obtained at home, I know of nothing important. Can any one name one necessary of life, for instance, which the United States is not producing? We have seen that the amount that the country buys and sells from abroad is lessening every year in proportion to the amount supplied at home. As the Colonel says (page 526), only 5 per cent. of our products went abroad (census of 1880); now less than 4 per cent. What point in the descending scale would the Colonel fix as that where the descent should stop? If at 3 per cent., 1900 would surely show him to be wrong. If at 2 per cent., 1910 would disprove his claims to the gift of prophecy.

Then again, the population of the United States is increasing at the rate of nearly two millions per annum. If it continues to increase with even a little less rapidity than its normal rate, there are persons now living who will see the population under the Stars and Stripes more than 500 millions. The country will then probably require its food supply for its own people. If not then, it is at least certain that the population will increase here until it requires all the product of the soil. Colonel Breckinridge, in my opinion, does not realize the unique position of his country. It is, indeed, as Mr. Gladstone says, a world within itself; and nothing is surer than that in the near future it will play the part of a world, consume its own products, and supply its own manufactured articles. Even if every port of the United States were blockaded to-day, and remained so for ten years, the people of the United States would suffer only some inconveniences and disturbance of values. The products of the soil would be cheaper for a time, until the population increased enough to absorb the paltry 4 per cent. of them taken by the foreigner. The entire manufacturing interests of the country, on the other hand, would be increased. There would be abundance of food, clothing, and shelter. Sugar, tea, and coffee would be scarce and dear, but a good deal would evade any possible blockade. Many new and important sources of national wealth would be discovered, and substitutes provided for such things as we now import, to an extent which would surprise the world. And the country would emerge at the end of the embargo more self-contained, more powerful, richer, and more independent of other

nations than she is to-day. So far have our manufacturing industries developed; so far have we travelled upon the path which is making the United States in reality a world within itself.

No one desires the closing of our ports : the country is prospering too well to welcome any change; but it is well for us to know, and for other nations to understand, that it would only be disturbing and inconvenient, not serious, nor in any way dangerous to the life and prosperity of this world within itself. The outside world will do well to note that the assailant who blockades the ports of the United States will suffer ten-fold more by the operation than the Republic.

It may be doubted if a more erroneous statement was ever made than that for which Mr. Mills makes himself responsible when he says that there can be no surer test of the retardation of national prosperity than the decrease of foreign trade. Let us consider the situation. Foreign commerce is decreasing. The United States are more and more supplying their own wants, and importing relatively less from other countries. They are also consuming a larger portion of their own products, and exporting relatively less to other countries. Foreign commerce reached the highest mark in 1880, 1881, 1882, and 1883, averaging for those years \$1,500,000,000 per annum. It has not reached that figure since, the average per annum since then being about \$100,000,000 less. In 1888 it was \$1,418,000,000.\* If the gauge of the country's prosperity be the condition of its foreign commerce, as Mr. Mills asserts, one trembles for the forthcoming census when Mr. Mills next ventures to lift his powerful pen in support of his theory, for the census is to assert that during the ten years under consideration, when foreign commerce actually declined, no nation ever made wealth so fast. One wonders how Mr. Mills will reconcile this fact with his theory.

Great Britain is usually cited, and very justly so, by our Tariff-Reformers as wondrously prosperous. Next to the United States she is gaining fastest in wealth. How does Mr. Mills's theory work when applied to her? The foreign commerce of that great little giant for the decade 1878 to 1887, inclusive, did not increase, but it has actually decreased since 1880. The total was in that year £697,000,000; in 1881, £694,000,000; in 1882 it reached £719,000,000, and in 1883, £732,000,000, which is the

\* American Almanac, 1889, page 72.

highest mark. In every year since, the foreign commerce of Britain has fallen, until in 1887, the last year given, £642,000,000\* was the total. Thus the foreign commerce of both the great English-speaking lands has declined during years when the population and wealth of both have increased apace. The fact is that even in the case of Great Britain, the country which exports and imports most, and to which foreign commerce, therefore, is far more important than to any other country, it is not the chief cause of prosperity or of the increase of national wealth.

It is high time that this little braggart, foreign commerce, should be exposed and dethroned. Our exports only amount to 4 per cent. of our products, and yet make more noise than the 96 per cent. which does its far more valuable work quietly at home. If, therefore, the United States produced next year only what they produce this year, the year after next, according to the census, would find the total loss of foreign sales fully made up by increased consumption at home. Allowing for the temporary disturbance that would arise, it is safe to say that a very few years would restore the loss, so rapidly is our country increasing.

Mr. Mills represents a cotton-growing State. By taking cotton as an illustration, I can, perhaps, best enable him to understand why the reverse of his proposition is true; why the genuine prosperity of the United States requires that its foreign commerce shall year by year fall away, as compared with its home commerce, until it fades into insignificance. Even the puny 4 per cent. of the country's total commerce which our exports now represent—leaving, as Colonel Breckinridge says (page 526), unhampered 96 per cent. of our products for consumption at home—will be considered enormous when the census of 1890 is taken. Here is the reason: In 1830 the United States consumed only 52,000,000 pounds of cotton grown here. In 1880 they consumed 962,000,000 pounds. In 1830 the great crop of the South went to the foreigner, to swell the records of foreign commerce. Now, when we manufacture at home more of the cotton we grow, the credit is transferred from foreign commerce to domestic commerce. One gains; the other loses. It is precisely the same with all exports of grain, provisions, petroleum, and other articles, and with all imports of iron, woollen goods, plate glass, and manufactures in general. The true test of the pros-

\* *Statesman's Year-Book*, 1888, page 269.

perity of this country is to be found in the increase of its domestic commerce, and the relative decline of its foreign commerce.

Now let me point out the difference between the two. All exchange is a matter of profit between the two parties thereto. If the manufacturer of New England send his product to Texas, and receive in return the product of Texas, what happens? The Texan is benefited, and the New-Englander is benefited likewise. They share all the profits of the transaction between them. If the Texan send his product to Britain, and receive in return the product of Britain, what happens? The Texan and the Briton are benefited. In the former case all the profit goes to ourselves—Americans; and in the latter case our people and our country receive only half the profit. The one transaction is as clearly commerce as the other: commodities are exchanged.

When Mr. Mills would measure the wealth and prosperity of his country, he must seek causes much more potent than its foreign commerce. The manufacturing development of the South, for instance, is a much greater factor in the creation of national wealth, which now reaches about \$2,000,000,000 per annum. The exchange of commodities with the foreigner, which we dignify by the name of foreign commerce, and which does not to-day amount to 4 per cent. of our total products, is much too small a tail to wag so big a dog.

Figures are such strange things! When Colonel Breckinridge says (page 521, NORTH AMERICAN REVIEW) that “from January 1, 1884, to January 1, 1890, we exported of domestic products the enormous sum of \$4,304,086,830,” it no doubt seemed to him he had said something most impressive. Seven hundred millions per year! But when one whispers to him that the value of our home manufactures *every year* is more than \$7,000,000,000, how foreign commerce shrivels! The best way to measure a pigmy is to put a real giant alongside. Exports are one foot high and home manufactures ten.

It is urged that, unless we buy the products of Britain, she cannot buy ours. Let us consider this contention, and see whether nations buy and sell with each other to an equal extent, or if what one buys influences what the other sells. Britain buys every year about \$100,000,000 more from us than we from her, while we buy every year about \$100,000,000 more from South American countries than we sell them. British North America sends to Britain 30 per

cent. more than she buys from her, the figures for 1886 being : exports, £10,000,415 ; purchases, £7,000,880. Ceylon has never bought from Britain much more than a quarter of what she sells her, the figures for 1886 being : exports, £2,083,636 ; purchases, £582,800. The Argentine Republic, being, like the United States, a growing country, only sells to Britain £1,646,000 per year ; she buys from her £5,190,000—more than three times as much as she sells. British Guiana is in the same condition. She always sends to Britain nearly three times what she buys from her, the figures for 1886 being £1,383,379 exports, and £582,880 imports.

What is to prevent Britain from paying us every year if we did not take one dollar's worth of her products in return ? or the United States, out of their enormous accumulation of wealth every year, from buying more from South America than they sell to it ? It is said that, if one country imports more from another, it must sell more than it imports to some other. This is not necessarily true, because it can draw upon its annual increase of wealth to make good its greater purchases, just as Britain does, which has a balance against her every year of about five hundred millions of dollars ; but even if it were true, what bearing would it have upon the question whether Great Britain and other countries would not continue to buy the petroleum, cotton, grain, and provisions of the United States as long as the United States could furnish these articles to the advantage of the buyer, as she does now ? The merchants who buy cotton or provisions upon the Liverpool exchange are not the same merchants who sell the woollens and iron and steel of Britain. They scarcely know each other, and are totally ignorant of each others' transactions. The one does not care where or from whom the other buys. It is a simple question where they can buy or where they can sell to the best advantage. The merchant in Liverpool buying our products does not care whether the manufacturer of Manchester sells a pound of goods to the United States or not. As Major McKinley well says (*NORTH AMERICAN REVIEW* for June, page 747), free trade would not increase the sale of our products abroad. Other countries buy of us what they need—no more, no less. Britain sends to the United States only from 150 to 180 millions of dollars' worth of goods per annum. Suppose she did not send one dollar's worth. The world grows so rapidly that the void would soon be

filled. She has only to cease expanding for a short season and her other customers would absorb her present production. Her American trade only amounts to about 10 per cent. of her total exports, and this could be easily made up. As for Britain not being able to pay for what she buys unless we take her products in return, what becomes of that contention when Mr. Giffen has just proved\* that the annual increase of Britain's wealth exceeds \$900,000,000? A nation with a net income like that is able to buy largely and is good for all she will buy.

It is said that, if free trade were adopted, so enormous would be the demands thrown by the United States upon European manufacturers that prices would advance to such a point as to enable American manufacturers to continue operating their works. If this be correct, let me ask what benefit would ensue to the American consumer? If the only result of a change of policy be that matters shall remain as they are as to prices, I submit that change in itself in our fiscal policy is a serious obstacle to prosperity. To justify change we should have decided advantages in view. It is, of course, a matter of opinion how far increased demand upon European resources would enhance prices. It would do so temporarily without question; but Europe hitherto has been able to respond to all demands made upon it by the world, and I believe such will be the case in the future. We are probably soon to see iron and steel in Britain as low as they ever have been. I know of no reason why the textile manufactures of Europe cannot be doubled or trebled. The belief referred to is, in my opinion, without foundation; but, assuming that it proved true, the foreign manufacturers would then run to their fullest capacity, and the American only be called upon furtively to make what his British competitor could not. He would cease to be the principal factor in supplying his own market, and be relegated to the position of humbly taking the crumbs which fell from the table of the foreigner, while the consumer would receive no advantage whatever. So that, if the theory be true that free trade here would cause prices to rise in Europe, this country would gain nothing; and if it proved unsound, the whole manufacturing system of America would be demoralized. Is it worth while for the United States to play with the foreigner the game of "heads you win and tails we lose"?

\* Speech of Robert Giffen, British Board of Trade, at Leeds, February, 1890.



We have not yet noticed the charge that protection is artificial. Mr. Gladstone holds that all interference by the government in order to encourage a dearer method at home, in preference to a cheaper production abroad, may naturally be termed artificial. Those in favor of establishing new manufactures in a new country believe that eventually the price of articles produced will not only be less than the consumer would have to pay if his country did not produce these articles and he were dependent upon a foreign power for his supply, but that he will have a surer source of supply; that there are great incidental advantages in bringing the manufacturer and the consumer in close proximity. Freight can be saved, which augments profits; delivery can be hastened, mistakes corrected, and important consultations had between parties—an impossibility if they were thousands of miles apart.

We gladly admit the charge, however, that protection is entirely artificial—not less so than the protection given by the market-gardener to his young plants, which he covers with a sunshade through the day, and over which he thoughtfully throws a straw mat at night; as artificial as the frame in which the fond mother teaches her infant to walk, and not less so than the aid given by Mr. Gladstone to the young tree which he plants in Hawarden grounds, binding it to the artificial stake that he drives beside it, that the sapling may grow to a stately tree. What is there of man's triumphs in any branch of his activity that is not artificial? When applied as Mr. Gladstone applies it here, it seems to mean no more than cultivation when applied to the soil, and the United States have proved not only that the soil must be cultivated to produce agricultural products, but that a nation, as sagaciously understood by John Stuart Mill, can "cultivate" the production of many of the principal articles which are almost as essential to its rank, power, and prosperity as food itself. The Protectionist pleads guilty to the charge, and awaits sentence.

There remains the charge of monopoly. As I have explained, the only protection known to Mr. Gladstone constituted a monopoly. He has no experience of any other. He is to be excused. But what shall be said of Messrs. Mills and Breckinridge? What would Mr. Gladstone say to these gentlemen if they told him of a monopoly into which every dollar of the capital of the world is free to enter?—a monopoly in which many of the leading manufacturers of Mr.

Gladstone's country are busily engaged—the Clarks and the Coatses, of Paisley ; the Nairns, of Kirkcaldy ; the Salts, of Salt-  
aire ; the Sandersons, of Sheffield ; the Kerrs, of Glasgow ; the  
Barbours, of Belfast, and scores of others ; a monopoly free to all,  
without regard to citizenship or residence ; a monopoly to which  
there is no limit ; a monopoly in which one hundred and forty-  
seven new and important competing manufacturing establish-  
ments are under construction to-day in one section alone, that of  
the South, so ably represented by these writers !

My capital is wholly invested in manufacturing, and if there  
be any monopoly in the entire domain, I should like to discover  
it. If unusual profits are being made in any branch of manufact-  
uring, why do not Mr. Mills and those who think with him  
invest and share these grand returns, and by so doing strike down  
the “monopoly”? There is no branch of manufacturing into  
which they cannot put \$100 or \$100,000 ; the shares of silk and  
glass and wool and iron and steel concerns are freely bought  
and sold in the open market. Those who believe that any indus-  
try gives its owners great profits have only to select the industry  
and invest. Into the woollen industry, for instance, investors  
to-day can enter for much less than its present owners did. In  
that of glass splendid opportunities for investment are surely  
at hand. In the iron and steel branch, with which I am famil-  
iar, any citizen of the United States who has \$100 can become  
part owner to-morrow ; he can purchase the shares of almost all  
the steel concerns at much less than the capital actually invested.  
The shares of the Illinois Steel Company, the Bethlehem Company,  
Pennsylvania Steel Company, the Cambria Company, the Troy  
Company, as a rule, do not command in the market the actual  
number of dollars invested. But I must not be understood as  
advising any one to invest too largely upon the theory that the  
returns will meet his expectations. The charge that manufact-  
ures in America are monopolies is without foundation, although  
it may still pass current in a rural community when delivered from  
the stump in Texas. I should like to be present to see Mr.  
Gladstone's expressive face, and hear his response, if these gentle-  
men ever spoke to him of “a monopoly free to all.” That word  
“monopoly” will do service no longer ; our friends had better try  
Mrs. Malaprop's famous “allegory” at once. It would apply just  
as well, and have the advantage of being new.

Mr. Gladstone says that, when the United States get rid of the "barbarism" of protection, we shall get a copyright law. It is to be regretted that this most desirable result received such a blow at the moment when a copyright bill was pending. Mr. Gladstone will never get a copyright law in this country except through those who believe in protecting home industries. Strange as it may appear to him, the leaders of the Republican party are its strenuous advocates, and only that party can boast that a majority of its Representatives in Congress voted for the measure. The only protection of which Mr. Gladstone has had experience, however, was barbaric, just as it was monopolistic. But protection as we have it is a "barbarism" indulged in by every nation, and to some extent, as we have seen, by the nation of the statesman who uses the word and by all the component parts of that great empire itself, except one trifling dependency. The "barbarism" of France, the "barbarism" of Germany, the "barbarism" of the United States, the "barbarism" of Canada and Australia, the "barbarism" of all the civilized world, Britain alone excepted ! Ah, well ! I remember it was my fellow-countryman, as Mr. Gladstone is, who prayed, " O Lord, gie us a gude conceit o' oorself ! "

While believing in the wisdom of the policy which has been pursued by the United States for the past thirty years as being the policy best for her, I do not assume that the other nations and colonies of the world which are following our example are wise in so doing. This is a matter to be determined each for itself by a very careful study of its latent powers and possibilities and by judicious experiment. No stranger can be sufficiently acquainted with these countries to venture an intelligent opinion. An impression I have, however, that some of them, unfortunately, can never be made great nations — much less worlds within themselves — by any system of protection or by any effort. The protection offered may not induce capital to enter the manufacturing field. Their experience as to manufactures in general may be ours regarding sugar, or what it would be if we attempted to supply ourselves, as Mr. Gladstone suggests, with pineapples. It takes a world within itself to become independent of the outside world as to those articles which are essential to give it rank as the foremost power of the world. That free trade is not only one of the best policies, but the only policy possible for Britain, seems to me

indisputable. It may be, and probably is, the best policy for several of the new countries, for it is folly to protect unless the fruits of protection can be gathered.

Now, I believe, every point brought forward by our free-trade friends has been considered : First, the policy of protection in itself ; second, that the infantile stage has passed ; third, that if we do not buy from abroad, foreign nations cannot purchase from us ; fourth, that our nation's prosperity and wealth are to be best gauged by the extent of its dealings with other countries ; fifth, that protection creates monopolies. There remains now only to point out what seems the course of wisdom in the present position of affairs.

As stated by Colonel Breckinridge, it is not practicable to raise the necessary revenues for the general government without giving incidental protection to manufactures. If sugar be made free, as is probable, and the whiskey tax considered a fund from which pensions are to be paid, sufficient duties must be levied upon imports to give all the protection that is now necessary to maintain and develop our manufacturing industries. It is only a question how these duties can be most judiciously imposed; and here the legislator has a sure rule for his guidance. From it he need not be swayed, either to the right or to the left.

Let me illustrate. The principal articles protected are woollens, cotton, silks, and iron and steel. In 1880 our imports of woollens amounted to \$33,911,000 ; in 1888 to \$63,612,000. The natural comment is that there is something wrong here. The foreigner is gaining too fast. He has nearly doubled his business with us during eight years. We have not far to seek for the reason. By making the law express clearly what was meant by its framers, the McKinley Bill just passed by the House will restore to the American manufacturer that of which it was never intended to deprive him. Our cotton imports in 1880 were \$29,929,000 ; in 1888, \$28,917,000. The comment here is that the American manufacturer is holding his own, and obtaining the increase of business. Speaking generally, duties upon cotton should remain as they are, change in some details perhaps being required. The imports of silk in 1880 were \$44,213,000 ; in 1888, \$41,287,000. Here it is much as with cottons ; the American manufacturer is not being driven out of his market, but is holding his own. Of iron and steel in 1880 the imports were \$53,714,000 ; in 1888, \$48,992,000.

These figures prove that the American manufacturer is gaining in some branches upon his foreign competitor, and upon the articles which show decreased imports duties may be safely reduced. The McKinley Bill does this. There is no place for partisanship in this question. It is simply a matter of figures. They tell their own story, and it would seem that only a very obtuse legislator could fail to read correctly the lesson they convey. In all cases of doubt he should err on the safe side. Much better continue protection, even if it be a shade higher than actually necessary, than run the risk of crippling any branch ; because, as we have seen, it is not easy to establish new industries in a country, and it would be much less easy to resuscitate one which, having made a fair start, had gone down in the struggle.

Such are the wonderful resources of this Union of forty-two States, and such is the inventive genius of our people, that very few articles indeed will not eventually be produced within its borders and furnished to the consumer at prices substantially as low as they can be imported from Europe. Some leading articles are already as low, and others are fast approaching this standard. No branch of manufacturing can long reap more than the normal profit derivable from capital generally, for no power on earth can prevent the operation of the law of competition over a territory so extensive as the United States. We have only to be prudent, to avoid violent changes in our fiscal policy,—for change, or threatened change, is in itself a serious impediment to business,—to see that no promising branch of industry is permitted to die in the struggle with the foreigner, and to fight it out on the line we have hitherto followed with such success, even if it should take another decade or more to win the complete victory we have in view—the control of our own home market. The Republic may safely be trusted to do this, and thus prove the truth of one more of the many statements enunciated to the world by Mr. Gladstone, that it is, indeed, “a world, and not a very little world,” within itself.

ANDREW CARNEGIE.